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C O N F I D E N T I A L BUENOS AIRES 001009

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TAGS: PGOV PREL ECON AR
SUBJECT: ARGENTINE CABINET CHIEF RESIGNS AND IS REPLACED BY
KIRCHNER PROTEGE

REF: (A) BUENOS AIRES 0803 (B) BUENOS AIRES 0975 (C)
BUENOS AIRES 0980

Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) & (d).

¶1. (C) Summary and introduction: After months of rumors of his impending departure, Argentine Cabinet Chief Alberto Fernandez (AF) stepped down July 23 and has been replaced by Sergio Massa, the 36-year-old mayor of suburban Tigre and Kirchner protege. Another top GOA official announced there will be no further Cabinet changes for now. AF, who served since day one of the Nestor Kirchner administration as cabinet chief and continued into the Cristina Fernandez de Kirchner (CFK) administration, was part of an inner circle of decision makers that included only the Kirchners, Legal and Technical Secretary Carlos Zannini, and, to a lesser degree the occasional participation of Planning Minister Julio De Vido and Presidential Secretary Oscar Parrilli. For Argentine political and business leaders, AF was the go-to man for getting problems solved and was increasingly viewed as the most reasonable, moderate member of the Kirchner circle. In the seven months of the CFK administration, he served as the GOA's all-purpose fireman, consistently and visibly dealing with the crisis of the day. His departure was quickly interpreted as a victory for the hawks in the administration and an indication that the Kirchners, in the wake of their July 17 defeat in the Senate (ref D), might not be pursuing a more consensual approach to policy. We consider it regrettable that AF is leaving, since he is pro-U.S. and had been key in resolving the December-January breach in bilateral relations (ref A). We have high hopes, however, that we will be able to work well with his replacement, Sergio Massa. Interestingly, Justice Minister Anibal Fernandez called the Ambassador at 2000 Wednesday night to say that he would be staying in the government and wanted to meet soonest to talk about fighting against trafficking in methamphetamine precursors. End summary.

Fernandez Resignation Seen as Victory for Hawks

¶2. (C) Alberto Fernandez (AF) ended protracted speculation about his permanence in the Kirchner administration when he resigned July 23 from the most senior position in the cabinet. After serving as campaign manager of Nestor Kirchner's successful 2003 bid for the presidency, AF became Cabinet Chief on May 25, 2003. By the end of the Nestor Kirchner administration, his intense rivalry with Planning Minister Julio De Vido got the Argentine rumor mill into overdrive about who would outlast whom. Before Cristina Kirchner (CFK) announced her cabinet in November 2007, it was widely believed that CFK favored AF over De Vido and might therefore ease out De Vido, but she nonetheless asked them both to continue in place in her administration (as a concession to her husband and his preferences).

¶3. (C) In the seven months since CFK took office December 10, 2007, AF notably was the point man on solving the crisis in U.S.-Argentine relations that followed the Miami arrest of

several Venezuelans accused by the FBI of serving as unregistered agents of the BRV in the U.S. (Ref A). Barely a month after that crisis ended on January 31, the GOA's March 11 announcement of sharp increases in levies on agricultural exports triggered a 129-day showdown with the agricultural sector during which CFK's approval ratings plummeted from 56% to 20%. As noted in ref B, AF's service as CFK's crisis manager took its toll on him. He told us (ref B) that six months of CFK service had been more demanding than the four and a half years of Nestor's rule. His physical fatigue and exhaustion were evident as he announced his resignation and has been widely remarked by the press. He reportedly plans to return to the private sector as an attorney. Presidential Secretary Oscar Parrilli later announced that there will be no further Cabinet changes. (We know AF had wanted De Vido and his close associates to leave government when he did, as a way for CFK to get a fresh start. His battles with De Vido and team had continued until the end.)

¶4. (C) Considering how distrusting the Kirchners are of outsiders, it is impressive that AF acquired their confidence and trust in relatively short order and became perhaps the most powerful member of their cabinet. Unlike the Kirchners, Fernandez's political roots are center-right. As a measure of his political versatility, many political observers still identify AF with Domingo Cavallo, the widely known economist who is anathema for the Kirchners, having served as Finance Minister and Foreign Minister under Carlos Menem and then fell from grace as the author of De La Rua's "corralito" confiscation of bank accounts.

Enter K Protege and Political Wonderkind Sergio Massa

¶5. (C) Meanwhile, Sergio Massa, the 36-year-old mayor of Tigre, confirmed to the press upon leaving the presidential residence at Olivos that CFK had offered him the Cabinet Chief position, and that he had accepted. Massa won positive reviews for his performance running Argentina's Social Security (ANSES) in the Nestor Kirchner administration, and from the Kirchners' attendance at his December 2007 swearing-in as mayor of suburban Tigre, it was clear that he remained one of their favorite proteges. Speaking to reporters the afternoon of July 23, Massa said he was "surprised and grateful" that CFK, whom he has described as a personal friend, chose him to serve as Cabinet Chief. Interestingly, like AF, Massa's political roots are also in the center-right of the PJ.

Comment

¶6. (C) As reported in ref C, AF had been pushing for a cabinet shuffle to "re-oxygenate" the CFK administration. AF's departure was quickly interpreted as a victory for Kirchner hawks, such as Nestor Kirchner and De Vido. As such, it is also considered an indication that the Kirchners, in the wake of their July 17 defeat in the Senate (ref D), will not be pursuing a more consensual approach to policy. There are others we would have preferred to see quit the government, such as the Caracas-tilting De Vido and his controversial and confrontational ally, Internal Commerce Secretary Guillermo Moreno. We consider it regrettable that AF is leaving, since he is pro-U.S. and had been key in resolving the December-January breach in bilateral relations. We have high hopes, however, that we will be able to work well with his replacement, the well-regarded Sergio Massa. In our preliminary contacts with Massa, he appears well-disposed toward the United States and struck us as smart, articulate, proactive, and charismatic.

¶7. (C) Comment Continued: In selecting the 36-year-old Massa, the Kirchners may believe that they will be able to control him and use his fresh face and stellar reputation to help resuscitate their political agenda. Nonetheless, Massa,

like former Economy Minister Martin Lousteau before him, has a bright and long political future to consider and he may seek an early exit should the Kirchners ask him to take actions which may compromise his credibility. At a minimum, he is going to have a hard time bureaucratically battling De Vido and crew. AF had a whole network of allies throughout the government, and even so the battle was continuous. End Comment.

Bio Note

18. (SBU) A Peronist party member since the 1990s, Massa brings little experience to his post, having served as Tigre mayor for only seven months. Massa's political origins lie with the right-wing and almost extinct Center Democratic Union party. He became well-known for his work on the board of the Tigre Soccer Club where he used his connections with casino and bank owners to garner additional investment to keep the ailing club financially afloat. He touts his ability to work hard and maintain influential connections as key strengths -- talents which probably contributed to his meteoric rise. He is considered a political wonderkind -- at age 6, he reportedly began reading the papers and showed an interest in politics. By 27, he won a seat as a provincial deputy in Buenos Aires province.

19. (SBU) Massa was born on April 28, 1972, in Buenos Aires. The son of Italian immigrants, a construction worker and a housewife, Massa studied law at the University of Belgrano. He is married to Malena Galmarini, the daughter of Peronist Party (PJ) leader Fernando Galmarini, former Secretary for Sports and political operator during Carlos Menem's administration. Malena was appointed to the Municipal Council of Social Policies in late April 2008. The couple has two sons. According to press reports, Massa is an ardent fan of Tigre Soccer Club and enjoys relaxing with his family in the countryside. He admits he spends too much money on clothes and has a hectic life, smoking, eating junk food, and not sleeping enough.

WAYNE